

Message Text

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ACTION PM-05

INFO OCT-01 EUR-12 ISO-00 MCE-00 ACDA-12 SSO-00 INRE-00
SS-15 NSCE-00 SP-02 L-03 CIAE-00 INR-07 NSAE-00
TRSE-00 EB-08 OMB-01 COME-00 /066 W
-----128552 121429Z /46

O 121407Z JAN 78

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 4208

SECDEF WASHDC IMMEDIATE

USNMR SHAPE IMMEDIATE

USMISSION USNATO IMMEDIATE

USCINCEUR VAIHINGEN GER IMMEDIATE

C O N F I D E N T I A L SECTION 01 OF 02 BRUSSELS 00672

SECDEF FOR DSAA/ISA-EUR REGION/USDR&E-CPA.

E.O. 11652: GDS

TAGS: MARR, MPOL, NATO, BE

SUBJECT: BELGIAN HAWK (U)

REF: BRUSSELS 538 101906Z JAN 78.

1. WEDNESDAY MEETING REFERRED TO IN PARA 4 REFTEL WAS
CANCELLED AT US REQUEST, PENDING INSTRUCTIONS FROM WASH-
INGTON. BELGIANS REQUESTED MEETING THURSDAY A.M. WHICH US
ATTENDED.

2. GOB REPS INQUIRED AS TO STATUS OF US RESPONSE TO
TUESDAY PROPOSALS. WE EXPLAINED THAT US RESPONSE WAS
STILL BEING REVIEWED IN WASHINGTON, AND WE DID NOT EXPECT
TO HAVE FINAL INSTRUCTIONS BEFORE THURSDAY EVENING BRUS-
SELS TIME. WE INDICATED, HOWEVER, THAT IT WAS POSSIBLE
WE WOULD HAVE DIFFICULTY ON TWO POINTS: THE APPROPRIATE
TECHNOLOGY LEVEL LANGUAGE IN PARA 2 OF MOU, AND THE SHORT-
FALL ADJUSTMENT PROPOSAL IN PARA 11.

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3. THERE FOLLOWED A LENGTHY DISCUSSION OF MACHINERY USED
BY US PROCUREMENT SYSTEM TO SOLICIT BIDS, EMPHASIZING THAT
PROBLEM WAS NOT ONE OF MOTIVATING US TO OFFER ADEQUATE
OPPORTUNITIES, BUT RATHER ONE OF GETTING BELGIAN INDUSTRIES
TO TAKE THE INITIATIVE TO GET ON US QUALIFIED BIDDERS'
LISTS, AFTER WHICH THEY WOULD RECEIVE ALL RELEASABLE

IFBS/RFPS.

4. DISCUSSION RESULTED IN GOB PROPOSING FURTHER REVISIONS TO PARAS 2 AND 11 WHICH THEY FELT MIGHT BE ACCEPTABLE TO THEIR PEOPLE, AND FORMAL REQUEST THAT WE CONVEY THEM IMMEDIATELY TO WASHINGTON FOR CONSIDERATION. THEY EMPHASIZED THAT THEIR STRONG PREFERENCE WAS FOR TEXT AS TRANSMITTED IN REFERENCE MESSAGE, BUT THAT SHOULD THE US IN FACT FIND IT IMPOSSIBLE TO ACCEPT EITHER OF THE TWO POINTS IDENTIFIED IN PARA 2 ABOVE, THEY MIGHT BE ABLE TO GET AGREEMENT TO THESE CHANGES AS FALL-BACK POSITION.

5. CHANGES PROPOSED ARE AS FOLLOWS:

A. REVISE PARA 2 TO READ AS FOLLOWS: QUOTE: THE OBJECTIVE OF THIS MEMORANDUM OF UNDERSTANDING (MOU) IS TO ACHIEVE THROUGH THE WAIVING OF BUY AMERICAN AND OTHER U.S. PRICE DIFFERENTIALS ON DEFENSE PURCHASES, AND OTHER MEASURES AS SET FORTH IN THIS MOU, A FLOW OF DEFENSE EQUIPMENT AND SERVICES TO INCLUDE COMPONENTS, SUBSYSTEMS AND MAJOR SYSTEMS AT ALL TECHNOLOGY LEVELS, FROM BELGIUM TO THE U.S. (INCLUDING U.S. FORCES IN EUROPE) IN AN AMOUNT EQUAL TO THE NET DOLLAR AMOUNT FLOWING TO THE U.S. AS A RESULT OF THE PURCHASE BY THE BELGIAN GOVERNMENT OF THE MISSILE SYSTEM, SUPPORTING EQUIPMENT AND SERVICES SET OUT IN PARAGRAPH 1. IN THIS REGARD, THE GOB WILL MONITOR THE CONFIDENTIAL

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BIDDING ACTIVITIES OF BELGIAN INDUSTRY, AS DESCRIBED IN PARAGRAPH 7 BELOW, WITH A VIEW TO MAINTAINING AN APPROPRIATE TECHNOLOGY LEVEL. TO THIS END, THE U.S. AND BELGIAN GOVERNMENTS WILL UNDERTAKE THOSE ACTIONS SET FORTH BELOW. UNQUOTE.

B. REVISE PARA 11 TO READ AS FOLLOWS: QUOTE: THIS MOU IS EFFECTIVE ON THE DATE OF THE LAST SIGNATURE HERETO AND, SUBJECT TO THE RESPECTIVE LAWS OF THE GOVERNMENTS OF BELGIUM AND THE UNITED STATES, SHALL REMAIN IN EFFECT UNTIL THE TOTAL DOLLAR VALUE OF DOD PURCHASES FROM BELGIAN PRODUCTION SOURCES EQUALS THE NET DOLLAR AMOUNT FLOWING TO THE U.S. AS A RESULT OF THE PURCHASE OF THE IMPROVED HAWK SYSTEM TAKING INTO ACCOUNT THE PURCHASES MADE FROM BELGIAN PRODUCTION SOURCES BY RAYTHEON AND OTHER COMPANIES IN THE U.S.A. AS DESCRIBED IN PARAGRAPH 5. DOD AND MOD SHALL DO EVERYTHING POSSIBLE WITHIN THEIR RESPECTIVE LAWS AND REGULATIONS TO ACHIEVE THIS OBJECTIVE WITHIN A PERIOD OF FIVE YEARS AT AN AVERAGE RATE OF 20 PER YEAR. IF THIS LATTER OBJECTIVE IS NOT ACHIEVED, BOTH GOVERNMENTS WILL CONSULT EACH YEAR TO DETERMINE WHAT ACTIONS SHOULD BE TAKEN BY BOTH SIDES TO ATTAIN IT. IF THE TOTAL

OBJECTIVE IS NOT REACHED WITHIN A PERIOD OF FIVE YEARS,
RELEASE OF PRODUCTION LICENSES FOR DEFENSE EQUIPMENT IN
WHICH THE DOD HAS RIGHTS WILL BE GIVEN BY DOD, SUBJECT TO
APPROVAL BY COMPETENT AUTHORITIES. UNQUOTE.

6. CHANGE IN FIRST SENTENCE OF PARA 2 RESULTS FROM EARLIER

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DISCUSSION IN WHICH US SIDE HAD CITED THIS LANGUAGE AS
HAVING BEEN MAXIMUM US COULD AGREE TO IN ANOTHER SIMILAR
AREA. (REFERENCE IS TO SECDEF IMPLEMENTATION MEMORANDUM
OF 16 MAY 1977 REGARDING UK MOU.) GOB HAD ORIGINALLY RE-
JECTED THIS LANGUAGE, BUT NOW REQUESTED WE SEEK APPROVAL,
INDICATING IT MIGHT NOW BE ACCEPTABLE TO THEIR SIDE.

7. GOB REQUESTED INSERTION OF NEW PENULTIMATE SENTENCE IN
PARA 2 IN ORDER TO SATISFY A GOB NEED FOR US RECOGNITION
THAT THEY MAY CHOOSE NOT TO HAVE THEIR INDUSTRIES BID ON
CERTAIN LOW TECHNOLOGY OFFERS. THIS CONTROL AND MONITORING
OPTION IS, OF COURSE, AVAILABLE TO THEM IN ANY CASE, AND
RESPONSIBILITY FOR ANY DELAY IN ACHIEVEMENT OF EQUALIZA-
TION WHICH MIGHT RESULT FROM SUCH ACTION IS CLEARLY
THEIRS.

8. CHANGE TO PARA 11 ENTIRELY DROPS THE BUYING POWER AD-
JUSTMENT PROPOSAL IN FAVOR OF A CHANGE IN THE LANGUAGE
CONCERNING LICENSES WHICH THEY VIEW AS STRENGTHENING THE
STATEMENT FROM BELGIAN PUBLIC CONSUMPTION POINT OF VIEW.

THIS BELGIAN-PROPOSED LANGUAGE DOES NOT, HOWEVER, GRANT
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BELGIANS ANYTHING THEY DO NOT ALREADY HAVE UNDER EXISTING
US POLICIES.

9. GOB REQUESTED WE MEET AGAIN AT 1230 LOCAL TIME ON
FRIDAY, 13 JAN. US TEAM HAS EMPHASIZED TO GOB REPS THE
IMPORTANCE OF AVOIDING ADDITIONAL CHANGES IN ORDER TO
PERMIT COMPLETION OF US STAFFING. GDS 31 DEC 84.
CHAMBERS

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